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C O N F I D E N T I A L SECTION 01 OF 02 BEIRUT 001149

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SUBJECT: LEBANON: FINANCE MINISTER CHATAH SAYS MINISTERIAL
STATEMENT "MADE IN LEBANON"

REF: BEIRUT 1139

Classified By: Charge d'Affaires a.i. William Grant for reasons 1.4 (b)
and (d).

SUMMARY

¶1. (C) Finance Minister Mohamad Chatah, former advisor to PM Siniora, views the 2008 ministerial statement as an improvement over 2005, in that it elevates the status of the state and puts limits on Hizballah. Remarkably, he notes, the statement was drafted without foreign interference. The biggest victory for the state is that its institutions are now operating again. The discussion on Hizballah's arms would now be taken up in the National Dialogue, where Chatah stressed that the state's role in protecting Lebanon should be emphasized as a counterbalance to Hizballah's calls for a defense strategy that, by necessity, includes its arms. According to Chatah, only by setting the conditions for permanent peace can the state make Hizballah's weapons obsolete. End summary.

NO FOREIGN INTERVENTION
IN MINISTERIAL STATEMENT

¶2. (C) Charge Grant, accompanied by A/DCM, met with Finance Minister Mohamad Chatah and three of his aides at his office on August 5. Chatah, previously PM Siniora's Senior Advisor and a member of the committee charged with drafting the government's policy statement to parliament (reftel), revealed that, unlike many other agreements, this statement was entirely Lebanese, with no outside intervention.

¶3. (C) Chatah deemed the statement "much better than 2005" because it elevates the state's authority to a much higher level, especially paragraph 7, which puts the state above everything else. March 14 had tried to include this language in paragraph 24 (which deals with Hizballah's arms), but had compromised by adding language in a separate paragraph, number 7, extending the state's authority over all of the issues in the statement. The biggest victory for the state, however, was that its institutions were now operating again. In the end, he said the authority of the state derives from its collective institutions.

¶4. (C) Unlike the 2005 document, the "resistance" was not portrayed as an absolute right from some "eminent outside

source," Chatah continued. Instead, March 14 had inserted in several places principles to limit Hizballah's weight, i.e., by putting the "resistance" on the same level as "Lebanon, its people, and army" (implying they are all subject to the same authority, that of the state), and stating they could use "all legitimate and available means." "Legitimate," he explained, must be defined by a higher authority. However, the flip side, he warned, was that the state would be help accountable, at least for the limited mandate of the ministerial statement.

15. (C) Chatah called the statement "reasonable, given the balance of power" in Lebanon. Acknowledging that it had already attracted criticism from abroad, including some (unspecified) European countries, he said March 14 nevertheless was "comfortable" with the end result.

NEXT STEP:
NATIONAL DIALOGUE

16. (C) Chatah confirmed that the issue of Hizballah's arms and the country's defense strategy would next be addressed in the National Dialogue, which President Sleiman would convene soon after parliament gave its vote of confidence on the ministerial statement. (Note: We expect parliament to take up the issue beginning on August 8, with a vote expected by August 11. We understand Sleiman will travel to Damascus on August 13, meaning the Dialogue probably will begin after August 13. End note.) Chatah said March 14 supported Sleiman's trip to Damascus, adding that Sleiman would take

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"all the issues in the ministerial statement with him, and some that aren't." Expectations were high, he said, that there would be progress on establishing diplomatic relations, demarcating borders, Lebanese detainees in Syria, and other key issues.

17. (C) Chatah stressed presenting the discussion in terms of both the protection and defense of Lebanon. Hizballah would stress the latter, as only its weapons offered a credible defense against Israeli aggression. The state's role was to provide a more general context, including complete fulfillment of UNSCR 1701 and Lebanon's 1949 Armistice with Israel, to convince the Lebanese that there was no need for defense against Israel. "You can sell peace and security," he said, but it is more difficult to convince people there is no need for Hizballah's weapons without these guarantees in place. The state, with the help of the UN and the international community, must create the conditions to prevent an Israeli attack or spillover of regional conflicts into Lebanon. Once we do that, he said, "Hizballah becomes a source of weakness, not a source of strength."

18. (C) Chatah said it was not clear what the Arab League's participation in the National Dialogue would be. Some in the "former" opposition (March 8 and Aoun's Free Patriotic Movement, now both represented in the government) wanted the Arab League to be present only in the opening session, but March 14 preferred greater involvement, as it would add an Arab dimension to the discussions that Lebanese, as inhabitants of a small country involved in the regional, Arab-Israeli conflict, find reassuring. Furthermore, it had not yet been determined whether the Arab League representative would have a speaking role. (Note: We will meet with Sleiman advisor Nazem Khoury, in charge of organizing the dialogue, on August 7 to get more information. End note.)

COMMENT

19. (C) Although we did discuss some issues related to his new portfolio, our primary reason for the meeting was to sound Chatah out on the ministerial statement. As PM Siniora's

former Senior Advisor, a member of the ministerial statement drafting committee, and one of March 14's most strategic and level-headed thinkers, Chatah is always an excellent source for a reality check on events in Lebanon. His views on the ministerial statement are in line with ours, namely, that the state's role is enhanced vis-a-vis 2005 while Hizballah's is somewhat diminished. However, as his comments on the National Dialogue indicate, ultimately it is the reality on the ground that will determine where the real power lies.
End comment.

GRANT